

REMARKS:

Claims 1-19 are pending in the present.

Claims 1-19 stand rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 5,377,095 to Maeda et al. ("*Maeda*").

REJECTION UNDER 35 U.S.C. § 101:

The Applicant thanks the Examiner for withdrawing the rejection of claims 1-15 under 35 U.S.C. § 101.

REJECTION UNDER 35 U.S.C. § 103(a):

Claims 1-19 stand rejected under 35 U.S.C. § 103(a) over *Maeda*.

The Applicant respectfully submits that *Maeda* or the Examiner's Official Notice, either individually or in combination, fail to disclose, teach, or suggest each and every element of claims 1-19. Thus, the Applicant respectfully traverses the Examiner's obvious rejection of claims 1-19 under 35 U.S.C. § 103(a) over the proposed combination of *Maeda* and the Examiner's Official Notice, either individually or in combination.

The Proposed *Maeda-Official-Notice* Combination Fails to Disclose, Teach, or Suggest Various Limitations Recited in Applicant's Claims 1-5 and 16-19

For example, with respect to independent claim 1, this claim recites:

A computer-implemented method of valuing products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, ***assigning a price to each of a plurality of products***, each product ***comprising a plurality of product components***;

using one or more processing units, ***assigning a demand probability value to each product***,

using one or more processing units, ***calculating a component value for each component by performing the following steps***:

(a) assuming **a beginning value** for each component;
(b) for a first component, **calculating prorated values**, such that for each product using that component, **a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components**;
(c) **calculating a component value as a function of the prorated values and the probability values**;
(d) repeating steps (b) and (c) for all other components;
(e) **determining whether the component values converge**;
and
(f) if any component value does not converge, using the calculated component value as the beginning component value and repeating steps (b) through (e) for that component; and
using one or more processing units, **calculating a value for each product**, based on the results of the preceding step, **by summing the component values of all components of that product**. (Emphasis Added).

Independent claim 16 recites similar limitations. *Maeda* or the Examiner's Official Notice, either individually or in combination, fail to disclose, teach, or suggest each and every element of independent claims 1 and 16.

The Applicant respectfully submits that *Maeda* has nothing to do with independent claim 1 limitations regarding a **"computer-implemented method of valuing products"** and in particular *Maeda* has nothing to do with independent claim 1 limitations regarding "using one or more processing units, **assigning a price to each of a plurality of products**, each product **comprising a plurality of product components**". Rather, *Maeda* discloses predicting sales figures on the basis of the past actual sales data by item. (Column 1, Lines 5-10). In particular, it appears that the Examiner is equating **"assigning a price to each of a plurality of products"** recited in independent claim 1 with the "amount of money" disclosed in *Maeda*. (18 May 2006 Final Office Action, Page 4). However, the "amount of money" disclosed in *Maeda* is merely an assumption that the price of the item is set to an amount of money, and **does not include "assigning a price to each of a plurality of products" or is not even related to a** "each product **comprising a plurality of product components**", as recited in independent claim 1. (Column 1, Lines 5-10). In contrast, **"assigning a price to each of a plurality of products"** recited in independent claim 1 includes **assigning a price to a product**

comprising a plurality of product components. Thus, the Applicant respectfully submits that the equations forming the foundation of the Examiner's comparison between *Maeda* and independent claim 1 cannot be made. The Applicant further respectfully submits that these distinctions alone are sufficient to patentably distinguish independent claim 1 from *Maeda*.

The Applicant further respectfully submits that *Maeda* has nothing to do with independent claim 1 limitations regarding "using one or more processing units, ***assigning a demand probability value to each product***". In particular, it appears that the Examiner is equating "***assigning a demand probability value***" recited in independent claim 1 with the "regression analysis portion" disclosed in *Maeda*. (18 May 2006 Final Office Action, Page 4). However, the "regression analysis portion" disclosed in *Maeda* merely ***performs an analysis*** of a function to minimize the difference between the predicted sale and the actual sale, and ***does not include or is not even related to "assigning a demand probability value to each product"*** or for that matter for any product, as recited in independent claim 1. (Column 4, Lines 14-36). In contrast, "***assigning a demand probability value***" recited in independent claim 1 includes "***assigning a demand probability value to each product***" where each product comprises a "***plurality of product components***". Thus, the Applicant respectfully submits that the equations forming the foundation of the Examiner's comparison between *Maeda* and independent claim 1 cannot be made. The Applicant further respectfully submits that these distinctions alone are sufficient to patentably distinguish independent claim 1 from *Maeda*.

The Applicant further respectfully submits that *Maeda* has nothing to do with independent claim 1 limitations regarding "using one or more processing units, ***calculating a component value for each component by performing the following steps***: (a) assuming ***a beginning value*** for each component; (b) for a first component, ***calculating prorated values***, such that for each product using that component, ***a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components***; (c) ***calculating a component value as a function of the prorated values and the***

probability values; (d) repeating steps (b) and (c) for all other components; (e) **determining whether the component values converge**". Rather, *Maeda* merely discloses a system for predicting the sale of an item for varying prices, including in at least one embodiment generating a proposed optimum price. (Column 11, Line 56 through Column 12, Line 55). In particular, it appears that the Examiner is equating "**calculating a component value for each component**" recited in independent claim 1 with the "prediction of price and sale" disclosed in *Maeda*. (18 May 2006 Final Office Action, Page 4). However, the "prediction of price and sale" disclosed in *Maeda* is merely a prediction of the sale of the item, and **does not include or is not even related to "calculating a [product] component value for each component"** within each product, as recited in independent claim 1. (Column 11, Line 56 through Column 12, Line 55). In contrast, "**calculating a component value for each component**" recited in independent claim 1 includes "assuming a **beginning value** for each component", "**calculating prorated values [...] on that component by calculating the difference between the product price and a value of the product's other components**", "**calculating a component value as a function of the prorated values and the probability values**" and "**determining whether the component values converge**". Thus, the Applicant respectfully submits that the equations forming the foundation of the Examiner's comparison between *Maeda* and independent claim 1 cannot be made. The Applicant further respectfully submits that these distinctions alone are sufficient to patentably distinguish independent claim 1 from *Maeda*.

The Applicant further respectfully submits that *Maeda* has nothing to do with independent claim 1 limitations regarding "using one or more processing units, **calculating a value for each product**, based on the results of the preceding step, **by summing the component values of all components of that product**". Rather, *Maeda* discloses a sale prediction technique for the sale of one article. (Column 13, Lines 48-67). In particular, it appears that the Examiner is equating "**calculating a value for each product**" recited in independent claim 1 with the "sale prediction" disclosed in *Maeda*. (18 May 2006 Final Office Action, Page 4). However, the "sale prediction" disclosed in *Maeda* merely provides for a discounted amount of money based on the sale of the one article, and **does not include or is not even related to a**

“calculating a value for each product, based on” the results of **“calculating a component value for each component”**, as recited in independent claim 1. (Column 13, Lines 48-67). In contrast, **“calculating a value for each product”** recited in independent claim 1 includes **“summing the component values of all components of that product”**. Thus, the Applicant respectfully submits that the equations forming the foundation of the Examiner’s comparison between *Maeda* and independent claim 1 cannot be made. The Applicant further respectfully submits that these distinctions alone are sufficient to patentably distinguish independent claim 1 from *Maeda*.

The Applicant respectfully submits that the Office Action acknowledges, and the Applicant agrees, that *Maeda* fails to disclose the emphasized limitations noted above in independent claim 1. Specifically the Examiner acknowledges that *Maeda* fails to teach a **“prorated value is calculated on that component by calculating the difference between the product price and a value of the product’s other components”**. (18 May 2006 Final Office Action, Page 5). However, the Examiner asserts Official Notice over the acknowledged shortcomings in *Maeda*. The Applicant respectfully traverses the Examiner’s Official Notice. The Applicant further respectfully submits that the Examiner’s Official Notice is improper under MPEP § 2144.03, as more fully explained below.

The Office Action has Failed to Properly Establish a *Prima Facie* case of Obvious over the Proposed *Maeda-Official-Notice* Combination

The Applicant respectfully submits that the Office Action has failed to properly establish a *prima facie* case of obviousness based on the proposed combination of *Maeda* and the Examiner’s Official Notice, either individually or in combination. The Office Action has not shown the required teaching, suggestion, or motivation in these references or in knowledge generally available to those of ordinary skill in the art at the time of the invention to combine *Maeda* and the Examiner’s Official Notice, as proposed. The Office Action merely states that “it would have been obvious to one with ordinary skill in the art at the time of the invention was made **to modify *Maeda’s* to include the feature above**”. (18 May 2006 Final Office Action, Page 5). (Emphasis Added). The Applicant respectfully disagrees.

The Applicant further respectfully submits that this purported advantage relied on by the Examiner is nowhere disclosed, taught, or suggested in *Maeda* or the Examiner's Official Notice, either individually or in combination. In essence, the Examiner asserts that one of ordinary skill in the art at the time of the invention would have been motivated to combine the references as proposed "for the purpose of **enhancing the method of valuating a product**." (18 May 2006 Final Office Action, Page 5). (Emphasis Added). The Applicant respectfully disagrees and further respectfully requests clarification as to how the Examiner arrives at this conclusion. For example, it is not clear what the Examiner means by "**enhancing the method of valuating a product**" is the Examiner referring to the method disclosed in *Maeda* or the subject Application, and to what extent does the Examiner purport that "**enhancing the method of valuating a product**" applies to the subject Application. In addition, it is not clear how the Examiner could arrive at the conclusion that "**enhancing the method of valuating a product**" applies to *Maeda*, because *Maeda* merely discloses an item or article and does not disclose, suggest, or even hint at "**calculating a component value**" for an item or article that comprises "**a plurality of product components**", as recited in independent claim 1. **The Applicant respectfully requests the Examiner to point to the portions of Maeda or the Examiner's Official Notice which contains the teaching, suggestion, or motivation to combine these references for the Examiner's stated purported advantage.** The Applicant further submits that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a).

A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the **prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art.** *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). (Emphasis Added). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35. With respect to the subject Application, **the Examiner has not adequately supported the selection and combination of Maeda or the Examiner's Official Notice to render obvious the Applicant claimed invention.** The Examiner's conclusory statements that "it would have

been obvious to one with ordinary skill in the art at the time of the invention was made **to modify Maeda's to include the feature above** and that "for the purpose of **enhancing the method of valuating a product**", **does not adequately address the issue of motivation to combine**. (18 May 2006 Final Office Action, Page 5). (Emphasis Added). This factual question of motivation is material to patentability, and cannot be resolved on subjective belief and unknown authority. *Id.* It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to "[use] that which the inventor taught against its teacher." *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983). Thus, **the Office Action fails to provide proper motivation for combining the teachings of Maeda or the Examiner's Official Notice**, either individually or in combination.

The Proposed Maeda-Official-Notice Combination Fails to Disclose, Teach, or Suggest Various Limitations Recited in Applicant's Claims 6-10

For example, with respect to independent claim 6, this claim recites:

A computer-implemented method of pricing an order for a product based on varying lead times during a specified time period, the method being performed using one or more processing units, the method comprising:

using one or more processing units, calculating a set of values for a product over a range of available supplies of the product;

using one or more processing units, **determining a size Q of the order**,

using one or more processing units, **selecting a set of order points during a time horizon, each order point having a lead time LT to the next order point**,

for a first order point, calculating, using one or more processing units, an incremental production quantity as Q/LT , and calculating revenue displaced by the incremental production quantity using the product values;

repeating the preceding step for each other order point;

calculating, using one or more processing units, an average displaced revenue; and

calculating, using one or more processing units, the price for the order, using the results of the preceding step. (Emphasis Added).

The Applicant respectfully submits that the Office Action acknowledges, and the Applicant agrees, that *Maeda* fails to disclose a “**computer-implemented method of pricing an order for a product based on varying lead times during a specified time period**” as recited in independent claim 6. Specifically the Examiner acknowledges that *Maeda* fails to teach “using one or more processing units, **determining a size Q of the order**, using one or more processing units, **selecting a set of order points during a time horizon, each order point having a lead time LT to the next order point, for a first order point, calculating, using one or more processing units, an incremental production quantity as Q/LT** , and calculating revenue displaced by the incremental production quantity using the product values”. (18 May 2006 Final Office Action, Page 6). However, the Examiner asserts Official Notice over the acknowledged shortcomings in *Maeda*. The Applicant respectfully traverses the Examiner’s Official Notice. The Applicant further respectfully submits that the Examiner’s Official Notice is improper under MPEP § 2144.03, as more fully explained below.

The Office Action has Failed to Properly Establish a *Prima Facie* case of Obvious over the Proposed *Maeda*-Official-Notice Combination

The Applicant respectfully submits that the Office Action has failed to properly establish a *prima facie* case of obviousness based on the proposed combination of *Maeda* and the Examiner’s Official Notice, either individually or in combination. The Office Action has not shown the required teaching, suggestion, or motivation in these references or in knowledge generally available to those of ordinary skill in the art at the time of the invention to combine *Maeda* and the Examiner’s Official Notice, as proposed. The Office Action merely states that “it would have been obvious to one with ordinary skill in the art at the time of the invention was made **to modify *Maeda*’s to include the feature above**”. (18 May 2006 Final Office Action, Page 6). (Emphasis Added). The Applicant respectfully disagrees.

The Applicant further respectfully submits that this purported advantage relied on by the Examiner is nowhere disclosed, taught, or suggested in *Maeda* or the Examiner’s Official Notice, either individually or in combination. In essence, the Examiner asserts that

one of ordinary skill in the art at the time of the invention would have been motivated to combine the references as proposed “for the purpose of **enhancing the method of valuating a product**.” (18 May 2006 Final Office Action, Page 6). (Emphasis Added). The Applicant respectfully disagrees and further respectfully requests clarification as to how the Examiner arrives at this conclusion. For example, it is not clear what the Examiner means by “**enhancing the method of valuating a product**”, and how does the Examiner arrive at the conclusion that one of ordinary skill in the art at the time the invention was made would modify *Maeda’s* in include “determining a size Q [...] selecting a set of order points [...] having a lead time LT [and] calculating an incremental production quantity as Q/LT ”, for the purpose of “**enhancing the method of valuating a product**”. ***The Applicant respectfully requests the Examiner to point to the portions of Maeda or the Examiner’s Official Notice which contains the teaching, suggestion, or motivation to combine these references for the Examiner’s stated purported advantage.*** The Applicant further submits that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a).

A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the ***prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art.*** *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). (Emphasis Added). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35. With respect to the subject Application, ***the Examiner has not adequately supported the selection and combination of Maeda or the Examiner’s Official Notice to render obvious the Applicant claimed invention.*** The Examiner’s conclusory statements that “it would have been obvious to one with ordinary skill in the art at the time of the invention was made ***to modify Maeda’s to include the feature above***” and that “for the purpose of **enhancing the method of valuating a product**”, ***does not adequately address the issue of motivation to combine.*** (18 May 2006 Final Office Action, Page 6). (Emphasis Added). This factual question of motivation is material to patentability, and cannot be resolved on subjective belief and unknown authority. *Id.* It

is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to "[use] that which the inventor taught against its teacher." *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983). Thus, ***the Office Action fails to provide proper motivation for combining the teachings of Maeda or the Examiner's Official Notice***, either individually or in combination.

The Proposed *Maeda-Official-Notice* Combination Fails to Disclose, Teach, or Suggest Various Limitations Recited in Applicant's Claims 11-15

For example, with respect to independent claim 11, this claim recites:

A computer-implemented method of pricing make-to-order products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a demand probability value to each of a plurality of products, each product having an associated delivery time and price;

using one or more processing units, calculating an expected revenue from the products for at least two available capacities, the expected revenue being a function of the demand probability values and the prices; and

using one or more processing units, ***calculating an asking price for each of the products as the difference between its expected revenue from successive available capacities***. (Emphasis Added).

The Applicant respectfully submits that the Office Action acknowledges, and the Applicant agrees, that *Maeda* fails to disclose a "***computer-implemented method of pricing make-to-order products***" as recited in independent claim 11. Specifically the Examiner acknowledges that *Maeda* fails to teach "***calculating an asking price for each of the products as the difference between its expected revenue from successive available capacities***". (18 May 2006 Final Office Action, Page 7). However, the Examiner asserts Official Notice over the acknowledged shortcomings in *Maeda*. The Applicant respectfully traverses the Examiner's Official Notice. The Applicant further respectfully submits that the Examiner's Official Notice is improper under MPEP § 2144.03, as more fully explained below.

The Office Action has Failed to Properly Establish a *Prima Facie* case of Obvious over the Proposed *Maeda-Official-Notice* Combination

The Applicant respectfully submits that the Office Action has failed to properly establish a *prima facie* case of obviousness based on the proposed combination of *Maeda* and the Examiner's Official Notice, either individually or in combination. The Office Action has not shown the required teaching, suggestion, or motivation in these references or in knowledge generally available to those of ordinary skill in the art at the time of the invention to combine *Maeda* and the Examiner's Official Notice, as proposed. The Office Action merely states that "it would have been obvious to one with ordinary skill in the art at the time of the invention was made **to modify *Maeda's* to include the feature above**". (18 May 2006 Final Office Action, Page 7). (Emphasis Added). The Applicant respectfully disagrees.

The Applicant further respectfully submits that this purported advantage relied on by the Examiner is nowhere disclosed, taught, or suggested in *Maeda* or the Examiner's Official Notice, either individually or in combination. In essence, the Examiner asserts that one of ordinary skill in the art at the time of the invention would have been motivated to combine the references as proposed "for the purpose of **enhancing the method of valuating a product**." (18 May 2006 Final Office Action, Page 7). (Emphasis Added). The Applicant respectfully disagrees and further respectfully requests clarification as to how the Examiner arrives at this conclusion. For example, it is not clear what the Examiner means by "**enhancing the method of valuating a product**", and how does the Examiner arrive at the conclusion that one of ordinary skill in the art at the time the invention was made would modify *Maeda's* in include "**calculating an asking price for each of the products as the difference between its expected revenue from successive available capacities**". **The Applicant respectfully requests the Examiner to point to the portions of *Maeda* or the Examiner's Official Notice which contains the teaching, suggestion, or motivation to combine these references for the Examiner's stated purported advantage.** The Applicant further submits that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a).

A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the **prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art.** *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). (Emphasis Added). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35. With respect to the subject Application, **the Examiner has not adequately supported the selection and combination of Maeda or the Examiner's Official Notice to render obvious the Applicant's claimed invention.** The Examiner's conclusory statements that "it would have been obvious to one with ordinary skill in the art at the time of the invention was made **to modify Maeda's to include the feature above**" and that "for the purpose of **enhancing the method of valuating a product**", **does not adequately address the issue of motivation to combine.** (18 May 2006 Final Office Action, Page 7). (Emphasis Added). This factual question of motivation is material to patentability, and cannot be resolved on subjective belief and unknown authority. *Id.* It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to "[use] that which the inventor taught against its teacher." *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983). Thus, **the Office Action fails to provide proper motivation for combining the teachings of Maeda or the Examiner's Official Notice,** either individually or in combination.

The Examiner's Official Notice is improper under MPEP § 2144.03

The Applicant respectfully requests clarification as to the subject matter for which the Examiner is taking this Official Notice, and the extent in which the Examiner is taking Official Notice. **The Applicant respectfully traverses the Official Notice because the asserted facts, as best understood by the Applicant, are not supported by substantial documentary evidence or even any type of documentary evidence and appear to be the Examiner's opinions formulated using the subject Application as a template, which constitutes impermissible use of hindsight.** Furthermore, under these circumstances, it is inappropriate for the Examiner to take Official Notice without

documentary evidence to support the Examiner's conclusion. (see MPEP § 2144.03). ***The Applicant respectfully requests the Examiner to produce authority for the Examiner's Official Notice.***

Only "in limited circumstances," is it "appropriate for an examiner to take official notice of facts not in the record or to rely on common knowledge in making a rejection". (MPEP § 2144.03). "Official notice unsupported by documentary evidence ***should only be taken by the examiner*** where the facts asserted to be well-known, or to be common knowledge in the art are ***capable of instant and unquestionable demonstration as being well-known***. With respect to the subject Application, ***the Examiner's statements*** that "it is well known in the art to design ***a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components***" and that "it is well known in the art to ***determine a size Q of the order, selecting a set of order points during a time horizon***, each order point having a least time LT to the next order point; for a first order point, ***calculating an incremental production quantity a QJLT***", and further that "it is well known in the art to ***calculating an asking price for each of the products as the different between its expected revenue from successive available capacities***", ***are not capable of instant and unquestionable demonstration as being well-known***. (18 May 2006 Final Office Action, Pages 5-7). (Emphasis Added). As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be '***capable of such instant and unquestionable demonstration as to defy the dispute***' (citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 U.S.P.Q. 6 (C.C.P.A. 1961))." (MPEP § 2144.03(A)). (Emphasis Added).

"It is never appropriate to rely solely on 'common knowledge' in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. Zurko, 258 F.3d at 1385, 59 USPQ2d at 1697. (Emphasis Added). As the court held in Zurko, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. Id. at 1385, 59 USPQ2d at 1697. See also In re Lee, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430,

1434-35 (Fed. Cir. 2002).” (MPEP § 2144.03(A)). “Ordinarily, there must be some form of evidence in the record to support an assertion of common knowledge. See *Lee*, 277 F.3d at 1344-45, 61 USPQ2d at 1434-35 (Fed. Cir. 2002); *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (holding that ***general conclusions concerning what is “basic knowledge” or “common sense” to one of ordinary skill in the art without specific factual findings and some concrete evidence in the record to support these findings will not support an obviousness rejection***). The examiner must provide specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge. See *Soli*, 317 F.2d at 946, 37 USPQ at 801; *Chevenard*, 139 F.2d at 713, 60 USPQ at 241. The applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice and be allowed to challenge the assertion in the next reply after the Office action in which the common knowledge statement was made.” (MPEP § 2144.03(B)). (Emphasis Added).

With respect to the subject Application, ***the Examiner has not properly Officially Noticed or not properly based the Official Notice on common knowledge***. The Applicant respectfully directs the Examiner's attention to the Examiner's conclusory statements:

It is well known in the art to design ***a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components***. (18 May 2006 Final Office Action, Page 5). (Emphasis Added).

It is well known in the art to ***determine a size Q of the order, selecting a set of order points during a time horizon***, each order point having a least time LT to the next order point; for a first order point, ***calculating an incremental production quantity a QJLT***. (18 May 2006 Final Office Action, Page 6). (Emphasis Added).

It is well known in the art to ***calculating an asking price for each of the products as the different between its expected revenue from successive available capacities***. (18 May 2006 Final Office Action, Page 7). (Emphasis Added).

The above noticed Examiner's conclusory statements ***do not adequately address the issue that these statements are considered to be common knowledge or well-***

known in the art. The Applicant respectfully submits the following statement, to further explain why the Examiner's above noticed statements are not considered to be common knowledge or well-known in the art.

First, it is not clear what the Examiner means by "it is well known in the art to design **a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components**", what "is well known" (i.e. the Examiner has merely recited the Applicant's claim limitation of independent claim 1) and to what extent does the Examiner purport that this mere recitation applies to the subject Application. In fact, the limitations recited in independent claim 1 are directed to "**calculating a component value for each component**" where "for a first component" **prorated values are calculated**" in which the "**prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components**". As mentioned above, *Maeda* fails to suggest, teach, or even hint at "**a product comprising a plurality of product components**", as recited in independent claim 1. In addition, it is not clear how the Examiner's mere recitation of the Applicant's claim limitation constitutes common knowledge or that the Applicant's claim limitation is well-known in the art.

Second, it is not clear what the Examiner means by "it is well known in the art to **determine a size Q of the order**", (i.e. what "**size Q**" or what "**order**" is the Examiner referring to and how is the "**size Q**" or "**order**" related to the subject Application). In fact, the limitations recited in independent claim 6 are directed to a "**computer-implemented method of pricing an order for a product based on varying lead times during a specified time period**". In addition, it is not clear what the Examiner means by "it is well known in the art" that "each order point having a least time LT to the next order point" and that "for a first order point, **calculating an incremental production quantity a QJLT**", (i.e. how does the Examiner arrive at this conclusion, when the only cited prior art, *Maeda* appears to be teaching away from the claimed invention by not expressly disclosing, suggesting, or even hinting at these limitations in independent claim 6. As mentioned above, it is not clear how the Examiner's mere recitation of the Applicant's claim limitation

constitutes common knowledge or that the Applicant's claim limitation is well-known in the art.

Third, it is not clear what the Examiner means by "it is well known in the art to *calculating an asking price for each of the products as the different between its expected revenue from successive available capacities*", (i.e. what "*asking price*" or what "*successive available capacities*" and how does the Examiner purport to relate this to the subject Application). In fact, the limitations recited in independent claim 11 are directed to a "***computer-implemented method of pricing make-to-order products***". As mentioned above, it is not clear how the Examiner's mere recitation of the Applicant's claim limitation constitutes common knowledge or that the Applicant's claim limitation is well-known in the art.

Fourth, as explained above, the Examiner's mere conclusory statement and mere recitation of the Applicant's claim limitations are clearly not considered to be common knowledge or well-known in the art. The Applicant respectfully submits that the equations forming the foundation of the Examiner's comparison between the Examiner's Official Notice and independent claims 1, 6, and 11 cannot be made.

Fifth, there is simply no disclosure, teaching, or suggestion in *Maeda* or the Examiner's Official Notice of how it relates to a "***computer-implemented method of valuing products***", a "***computer-implemented method of pricing an order for a product based on varying lead times during a specified time period***", a "***computer-implemented method of pricing make-to-order products***" or even how it relates to the subject Application.

The Applicant respectfully submits that the Office Action provides no documentary evidence to support the Official Notice taken by the Examiner, yet the asserted facts are not capable of "instant and unquestionable" demonstration as being well-known. ***The Applicant respectfully requests the Examiner to produce authority for the Examiner's statement "a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components" and that "to determine a size Q of the order, selecting a set of***

order points during a time horizon, each order point having a least time LT to the next order point; for a first order point, **calculating an incremental production quantity a QJLT**", and further that "to **calculating an asking price for each of the products as the different between its expected revenue from successive available capacities**", is old and well known.

The Applicant further submits that **the Applicant has adequately traversed the Examiner's assertion of Official Notice** and directs the Examiner's attention to the pertinent text of the MPEP, which states:

If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). (MPEP § 2144.03(C)).

Thus, if the Examiner continues to maintain the rejection of claims 1-19 based on the Examiner's Official Notice, **the Applicant respectfully requests that the Examiner provide documentary evidence** as necessitated by MPEP § 2144.03(C). Furthermore, if the Examiner is relying on personal knowledge to support the finding of what is known in the art, **the Applicant further requests that the Examiner provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding** as further necessitated by MPEP § 2144.03(C).

The Applicant's Claims are Patentable over the Proposed *Maeda*-Official-Notice Combination

As discussed above, each of independent claims 1, 6, 11, and 16 are considered patentably distinguishable over the proposed combination of *Maeda* or the Examiner's Official Notice. With respect to dependent claims 2-5, 7-10, 12-15, and 17-19: claims 2-5

depend from independent claim 1; claims 7-10 depend from independent claim 6; claims 12-15 depend from independent claim 11; and claims 17-19 depend from independent claim 16. As mentioned above, each of independent claims 1, 6, 11, and 16 are considered patentably distinguishable over the proposed combination of *Maeda* or the Examiner's Official Notice. Thus, dependent claims 2-5, 7-10, 12-15, and 17-19 are considered patentably distinguishable over the proposed combination of *Maeda* or the Examiner's Official Notice, for at least the reasons of depending from an allowable claim and are therefore considered to be in condition for allowance.

For at least the reasons set forth herein, the Applicant submits that claims 1-19 are not rendered obvious by the proposed combination of *Maeda*, the Examiner's Official Notice, or in knowledge generally available to those of ordinary skill in the art at the time of the invention. The Applicant further submits that claims 1-19 are not rendered obvious by the proposed combination of *Maeda*, the Examiner's Official Notice, or in knowledge generally available to those of ordinary skill in the art at the time of the invention, and are in condition for allowance. Thus, the Applicant respectfully request that the rejection of claims 1-19 under 35 U.S.C. § 103(a) be reconsidered and that claims 1-19 be allowed.

THE LEGAL STANDARD FOR OBVIOUSNESS REJECTIONS UNDER 35 U.S.C. § 103:

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, ***there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings.*** Second, there must be a reasonable expectation of success. Finally, ***the prior art reference*** (or references when combined) ***must teach or suggest all the claim limitations.*** The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, ***and not based on applicant's disclosure.*** *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); M.P.E.P. § 2142. Moreover, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 U.S.P.Q. 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C.

§ 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); M.P.E.P. § 2143.03.

With respect to alleged obviousness, there ***must be something in the prior art as a whole to suggest the desirability***, and thus the obviousness, of making the combination. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1986). In fact, the absence of a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573 (Fed. Cir. 1997). The mere fact that the prior art can be combined or modified does not make the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01. The consistent criterion for determining obviousness is whether the prior art would have suggested to one of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. Both the suggestion and the expectation of success must be founded in the prior art, not in the Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); *In re O'Farrell*, 853 F.2d 894 (Fed. Cir. 1988); M.P.E.P. § 2142.

A recent Federal Circuit case makes it clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

CONCLUSION:


In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

Although Applicant believe no fees are deemed to be necessary; the undersigned hereby authorizes the Commissioner to charge any additional fees which may be required, or credit any overpayments, to **Deposit Account No. 500777**.

Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.

Respectfully submitted,

7/5/06
Date


James E. Walton, Registration No. 47,245
Steven J. Laureanti, Registration No. 50,274
Daren C. Davis, Registration No. 38,425
Alan Dawson Lightfoot, Registration No. 57,756
Michael Alford, Registration No. 48,707
Law Offices of James E. Walton, P.L.L.C.
1169 N. Burleson Blvd., Suite 107-328
Burleson, Texas 76028
(817) 447-9955 (voice)
(817) 447-9954 (facsimile)
steven@waltonpllc.com (e-mail)

CUSTOMER NO. 53184

ATTORNEYS AND AGENTS FOR APPLICANT